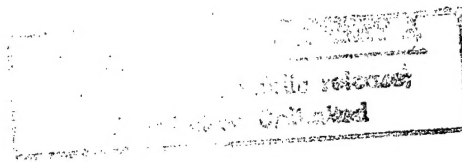


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# USSR Report

INTERNATIONAL ECONOMIC RELATIONS

No. 39

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25 August 1982

# USSR REPORT

## INTERNATIONAL ECONOMIC RELATIONS

No. 39

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## USSR WORLD TRADE

### SOVIET FOREIGN TRADE DEVELOPING DYNAMICALLY

East Berlin AW-DDR AUSSENWIRTSCHAFT in German 19 May 82 pp 1-2

[Text] In the 1970's, the Soviet Union's foreign trade turnover increased more than 4-fold and in the 1st year of the 11th Five-Year Plan the dynamic growth continued. Calculated in current prices, the commodity turnover--involving as many as 142 partner states--increased in 1981 to R 109.7 billion--a 16.6-percent gain over 1980. The export volume increased by 15.1 percent to R 57.1 billion. Imports totaled R 52.6 billion--showing an 18.2-percent increase. At the same time, the economic and scientific-technical cooperation between the USSR and its partners has become more comprehensive, extensive and complex. The foreign economic relations are based on government agreements--concerning trade, economic and industrial cooperation--concluded with 116 states. The USSR has been focusing its efforts on the economic relations with the CEMA member states; as the socialist economic integration deepens, these relations are improved, intensified and made more effective.

In Soviet exports, the goods produced by the fuel and energy sectors constitute the predominant share. These goods account for approximately 50 percent of total exports and in 1981 their share showed another slight increase. Most of these goods are exported to the CEMA member countries.

Exports of pig iron and rolled ferrous-metal goods likewise expanded. There was an increase in the volume of shipments of pipes to the socialist states, of aluminum to socialist and capitalist states and of lead and nickel to capitalist industrialized countries.

In 1981, machines, equipment and means of transportation accounted for R 7.8 billion of the Soviet export total; 75 percent of these shipments went to socialist countries. The structural development of these exports--especially the exports to the CEMA member states, but also the shipments of certain types of equipment to certain capitalist countries--is increasingly determined by new forms of cooperation, above all production cooperation and specialization.

Equipment for the energy sector constitutes a major share of Soviet machinery exports. In 1981, for example, the shipments of equipment for hydro-power plants in Argentina, Brazil and Greece and for thermal power plants in Argentina and

Greece were continued. Moreover, in 1981 a large-scale agreement--concerning the shipment of energy equipment for another thermal power plant in Greece--was concluded with a French firm within the framework of a joint venture.

Higher rates of increase--as compared to 1980--were attained in regard to exports of aircraft technology (17 percent), tractors and tractor maintenance equipment (13 percent) and agricultural machinery (14 percent). In regard to agricultural machinery, marked gains were registered in the export of ridge-drills, combines and hay and straw presses. As a result of the dynamic growth, increases were registered in the export share of surface and underground mining equipment, of instruments and laboratory equipment, and of equipment for the metalworking industry.

Exports of products of the chemical and petrochemical industries likewise showed dynamic development, with exports of chemical products increasing by 21 percent. The commodity assortment was expanded. Gains were recorded in regard to exports of sulfuric acid, plastics, synthetic fabrics, phosphorus and potassium fertilizer, agricultural pesticides, and nitrogen fertilizer.

Shipments of wood-, cellulose- and paper-products declined by 6 percent, while the volume of shipments of fiberboard, cellulose and paper showed an increase.

Exports of durable consumer goods were expanded. In 1981, the Soviet Union exported 498,000 refrigerators, 23 million watches, approximately 1.3 million cameras and 950,000 bicycles.

#### Imports

As regards Soviet imports, two commodity groups predominate: Firstly, machines, equipment and means of transportation, and secondly, essential and nonessential foodstuffs and the raw materials for producing them. In 1981, R 15.9 billion worth of machinery, equipment and means of transportation were imported. The CEMA member states were the main suppliers, accounting for 68 percent of these imports (R 10.8 billion). R 4.4 billion worth of products of this type were imported from capitalist industrialized countries, with a large share obtained on a compensatory basis.

The USSR uses these relations to equip new enterprises and to reconstruct and make more efficient many of the older enterprises in all key branches of industry, in the transport and telecommunications sectors and other sectors of the national economy.

Likewise of great economic importance are the imports of certain raw and secondary materials: In 1981, the USSR continued to import rolled ferrous metals. These imports totaled R 1,279 million, while imports of various pipes totaled R 1,575 million.

In 1981 a key factor in regard to improved satisfaction of consumer demand were the imports of household goods, essential and nonessential foodstuffs, and raw materials for the food and light industries. The USSR continued in 1981 to import large volumes of grain.

Table. Export of Various Products of the Machine Building Industry (in million rubles)

Export ausgewählter Erzeugnisse des Maschinenbaus		
		1981 in Mill. Rubl
Energieausrüstungen	(1)	829
Lastkraftwagen und Garagenausrüstungen	(2)	900
Personenkraftwagen	(3)	412
Schienefahrzeuge	(4)	189
Flugtechnik	(5)	630
Metallurgische Ausrüstungen	(6)	591
Traktoren und Garagenausrüstungen für Traktoren	(7)	540
Landmaschinen	(8)	230

Key:

- |                                     |                                       |
|-------------------------------------|---------------------------------------|
| 1. Energy equipment                 | 5. Aircraft technology                |
| 2. Trucks and maintenance equipment | 6. Metallurgical equipment            |
| 3. Passenger cars                   | 7. Tractors and maintenance equipment |
| 4. Rail vehicles                    | 8. Agricultural machinery             |

Table. Development of Foreign Trade Broken Down by State Group

Entwicklung des Außenhandels nach Ländergruppen						
	1970	1975	1980	1981	(9) Zuwachs zu 1980 in %	(10) Anteil
	(8) in Md. Rbl					
Umsatz (1)	22,1	50,7	94,1	109,7	16,6	100
sozialistische Länder (2)	14,4	23,6	50,6	57,9	14,4	52,8
RGW-Länder (3)	12,3	26,3	45,8	52,2	14,0	47,6
kapitalistische						
Industrieländer (4)	4,7	15,8	31,5	35,3	12,1	32,2
Entwicklungsländer (5)	2,0	6,3	12,0	16,5	37,5	15,0
Export (6)	11,5	24,0	49,6	57,1	15,1	100
sozialistische Länder	7,5	14,6	26,9	31,2	16,0	54,6
RGW-Länder	6,3	13,4	24,3	28,6	17,7	50,1
kapitalistische						
Industrieländer	2,2	6,1	15,8	17,2	8,8	30,1
Entwicklungsländer	1,8	3,3	6,9	8,7	26,1	15,3
Import (7)	10,6	26,7	44,5	52,6	18,2	100
sozialistische Länder	6,9	14,0	23,7	26,7	12,6	50,8
RGW-Länder	6,0	12,9	21,5	23,6	9,8	44,9
kapitalistische						
Industrieländer	2,5	9,7	15,7	18,1	15,3	34,4
Entwicklungsländer	1,2	3,0	5,1	7,8	52,9	14,8

Quellen der Tabellen: Beilage zu „Außenhandel der UdSSR“ 3 82, „Ekonomitscheskaja Gazeta“ 14/82

## Key:

- |  |                           |
|--|---------------------------|
| 1. Turnover                            | 6. Exports                |
| 2. Socialist countries                 | 7. Imports                |
| 3. CEMA countries                      | 8. In million rubles      |
| 4. Capitalist industrialized countries | 9. Increase over 1980 (%) |
| 5. Developing countries                | 10. Percentage            |

Sources: AUSSENHANDEL DER UdSSR, No 3 1982, Supplement.

EKONOMICHESKAYA GAZETA, No 14, 1982.

Table. Import of Various Products of the Machine Building Industry (in million rubles)

Import ausgewählter Erzeugnisse des Maschinenbaus	
	1981 in Mill. Rbl
Metallurgische Ausrüstungen (1)	443
Chemleausrüstungen (2)	853
Energieausrüstungen und Ausrüstungen für die elektrotechnische Industrie (3)	1388
Ausrüstungen für die Textilindustrie (4)	434
Ausrüstungen für die Holz-, Zellulose-, Papier- und holzverarbeitende Industrie (5)	169
Ausrüstungen für die Nahrungs- und Genußmittelindustrie (6)	442
Polygraphische Ausrüstungen (7)	97
Hebe- und Transportausrüstungen (8)	890
Ausrüstungen und Maschinen für Straßen- und Wegebau (9)	468
Ausrüstungen für die metallverarbeitende Industrie (10)	1208
Ausrüstungen für das Nachrichtenwesen (11)	780
Schiffe und Schiffsausrüstungen (12)	1235
Schienenfahrzeuge und Ausrüstungen für die Eisenbahn (13)	655
Landmaschinen und Ausrüstungen für die Landwirtschaft (14)	880

Key:

- |  |   |
|--|---|
| 1. Metallurgical equipment   | 8. Hoisting and transport equipment         |
| 2. Chemical equipment  | 9. Road-building equipment and machinery    |
| 3. Energy and electrical engineering equipment                               | 10. Equipment for the metalworking industry |
| 4. Equipment for the textile industry  | 11. Telecommunications equipment            |
| 5. Equipment for the lumber, cellulose, paper and wood-processing industries | 12. Ships and nautical equipment            |
| 6. Equipment for the food and nonessential foods and beverages industries    | 13. Rail vehicles and railroad equipment    |
| 7. Mimeograph equipment  | 14. Agricultural machinery and equipment    |



Table. Import of Various Consumer Goods

Import ausgewählter Konsumgüter		
	ME (1)	1981
Zucker (2)	Mill. t	4,2
Fleisch und Fleischwaren (3)	1000 t	980
Butter (4)	1000 t	215
Eier (5)	Mill. Stück	556
Kaffee (6)	1000 t	41
Kakaobohnen (7)	1000 t	121
Tee (8)	1000 t	84
Fruchstobst (9)	1000 t	1021
Frishgemüse (10)	1000 t	213
Tabak (11)	1000 t	105
Gewebe (12)	Mill. m	475
Konfektionswaren (13)	Mill. Rbl	1051
Trikotagen (14)	Mill. Rbl	618
Schuhe (15)	Mill. Rbl	1099
Möbel (16)	Mill. Rbl	517

Key:

- |                           |                           |
|---------------------------|---------------------------|
| 1. Measuring unit         | 9. Fresh fruit            |
| 2. Sugar                  | 10. Fresh vegetables      |
| 3. Meat and meat products | 11. Tobacco               |
| 4. Butter                 | 12. Fabrics               |
| 5. Eggs                   | 13. Ready-to-wear clothes |
| 6. Coffee                 | 14. Knitwear              |
| 7. Cocoa beans            | 15. Shoes                 |
| 8. Tea                    | 16. Furniture             |

Table. Development of the Commodity Turnover with CEMA States

Entwicklung des Warenumsatzes mit den RGW-Ländern				
	1979	1980	1981	(2) 1981 zu 1980
	in Mill. Rubl (1)			in %
Bulgarien (3)	1315	7099	8071	114
Ungarn (4)	1430	5738	6007	105
Vietnam (5)	183	612	892	116
DDR (6)	3293	9200	10681	116
Kuba (7)	1043	4268	4307	113
Mongolei (8)	231	834	1036	117
Polen (9)	2350	8002	8152	102
Rumänien (10)	919	2791	3452	124
CSSR (11)	2193	7194	8487	118

Key:

- |                          |             |
|--------------------------|-------------|
| 1. In million rubles     | 7. Cuba     |
| 2. 1981 compared to 1980 | 8. Mongolia |
| 3. Bulgaria              | 9. Poland   |
| 4. Hungary               | 10. Romania |
| 5. Vietnam               | 11. CSSR    |
| 6. GDR                   |             |

Table. Development of the Commodity Turnover with Various Capitalist Industrialized Countries

Entwicklung des Warenumsatzes mit ausgewählten kapitalistischen Industrielländern				
	1979	1980	1981	(2) 1981 zu 1980
	in Mill. Rubl (1)			in %
BRD (3)	544	5780	6009	104
Finnland (4)	531	3889	5013	129
Frankreich (5)	413	3753	4139	112
Italien (6)	472	3034	3486	115
Japan (7)	652	2723	3029	111
USA (8)	161	1502	1845	123
Großbritannien (9)	641	1312	1504	83
Niederlande (10)	223	1388	1477	106
Kanada (11)	125	1002	1420	142
Australien (12)	62	781	545	70

Key:

- |                          |                  |
|--------------------------|------------------|
| 1. In million rubles     | 7. Japan         |
| 2. 1981 compared to 1980 | 8. United States |
| 3. FRG                   | 9. Great Britain |
| 4. Finland               | 10. Netherlands  |
| 5. France                | 11. Canada       |
| 6. Italy                 | 12. Australia    |

## Stable and Dynamic Development of Trade with Socialist Countries

In the Soviet Union's foreign economic relations, the socialist countries occupy the leading position. In 1981, they accounted for 52.8 percent of the total foreign trade turnover and the CEMA member states account for 90 percent of the trade with the socialist countries. Among these countries, the GDR, the CSSR, the People's Republic of Poland and the People's Republic of Bulgaria are the most important trade partners. In 1981, the foreign trade between the USSR and the majority of the CEMA countries showed continuing dynamic development. Due to the 10.5-percent decline of the imports from the People's Republic of Poland, the foreign trade turnover with that country increased by a mere 1.9 percent. The USSR increased its exports to the partner country by 11.9 percent; it is lending Poland extensive internationalist assistance toward overcoming that country's economic difficulties.

Regarding the trade between the USSR and socialist countries that are not CEMA members, the relations with the Socialist Federative Republic of Yugoslavia were especially dynamic: In 1981, the commodity turnover totaled R 5.0 billion--a 30-percent increase over 1980. By contrast, the foreign trade turnover with the People's Republic of China declined to R 176.8 million, i.e. 55.8 percent of the level of 1980.

In 1981, fuel and raw materials again constituted a major share of the USSR's exports to the socialist countries. At the same time, the USSR helped through its shipments of machinery and equipment to support the investment policy of these countries. Conversely, the socialist countries' large shipments to the USSR--above all the shipments of machinery, equipment, means of transportation, consumer goods and also certain raw materials--helped more effectively to solve various important economic problems in the USSR.

The cooperation between the USSR and the CEMA member states in 1981 was characterized by the joint preparation and conclusion of agreements and contracts concerning new integration measures for the current five-year plan, the period up to 1990 and beyond 1990. These agreements and contracts further concretize the cooperation tasks that were jointly formulated in the course of the plan coordination for the period from 1981 to 1985 and that are now being implemented. Such cooperation tasks are derived also from the long-term target programs concerning multilateral cooperation, from the long-term bilateral programs concerning production specialization and cooperation between the USSR and other CEMA member states up to 1990 and from the Coordinated Plan for Multilateral Integration Measures for the period from 1981 to 1985. It is on these documents that the plan coordination is based. The primary objective is the further development of production specialization and cooperation which received strong impulses through the long-term (up to 1990) specialization and cooperation programs. In 1979, the USSR signed agreements on such programs with the People's Republic of Bulgaria, the Hungarian People's Republic, the GDR, the People's Republic of Poland, the Socialist Republic of Romania and the CSSR. The USSR and its trade partners in CEMA want above all to organize and rationalize the production of new, highly efficient, marketable products in key economic areas and further to raise the scientific-technical level, the quality and efficiency of existing, tested lines of product specialization and cooperation. The objective is in key areas to produce--with minimum input--top-quality products to meet the demand of the participating countries, to increase their export

capacities and thus to promote the process of intensification of their national economies and better to satisfy the demand of their people.

The production specialization and cooperation in the machine building industry is of special importance. The USSR has concluded with the CEMA countries and with the Socialist Federative Republic of Yugoslavia over 80 multilateral and approximately 100 bilateral agreements on production specialization and cooperation in various branches of the machine building industry. Among other things, these agreements concern the production of nuclear power plant equipment, heavy and universal machine tools, EDP technology, tractors and other agricultural machinery, mining installations and other equipment. Besides, there are agreements concerning specialization and cooperation in nearly all branches of the machine building industry, in the oil-processing, petrochemical and chemical industries, in the transport equipment industry and in other key sectors of the national economy.

#### Above-Average Growth Rate in the Trade with Developing Countries

On the basis of equality and long-term development, the USSR continued in 1981 to expand the mutually beneficial commodity exchange and the extensive economic, scientific-technical and other relations with developing countries. It continued to lend these countries economic and technical assistance in regard to establishment of industrial enterprises and in regard to agricultural, energy-related and other projects that help to consolidate their economic and political independence. Increasingly, the USSR has also concluded with developing countries a greater number of long-term foreign trade agreements and agreements and programs concerning economic and scientific-technical cooperation extending over 10 to 15 years. Increasingly, the coordination of the commercial, economic and scientific-technical relations is effected by international commissions.

In 1981, the turnover in the trade with developing countries increased by 37.5 percent over 1980. The share of these countries of the USSR's foreign trade turnover increased from 12.7 percent in 1980 to 15 percent in 1981. The Soviet Union directs special attention toward the economic and trade relations with those states that have chosen the path of socialist development. The foreign trade turnover with the Democratic Republic of Afghanistan increased from R 67 million in 1970 to R 505 million in 1980 and R 656 million in 1981; with the People's Republic of Angola, it increased from R 85 million in 1980 to R 115 million in 1981; with the People's Republic of Mozambique, from R 20 million to R 37 million; with the People's Democratic Republic of Yemen, from R 61 million to R 99 million, and with Ethiopia, from R 147 million to R 156 million.

Now as before, machines and equipment are the main exports to developing countries. Enterprise installations that are exported within the framework of the economic and technical assistance lent to these countries by the USSR account for approximately 50 percent of these shipments. In addition, the USSR in 1981 also supplied oil and oil products, wood products, rolled ferrous metals, chemical products and other commodities.

In 1981, the Soviet economy was greatly aided by imports from developing countries; these imports included cotton fabrics, knitwear and ready-made clothes, raw leather, vegetable oils, jute sacks, tea, spices, tropical fruit, grains and other food-stuffs, and mineral raw materials and fuel. Increasingly, the USSR has been

importing articles produced by the national industry of these countries. From India, for example, the USSR has been importing products of the machine building industry.

#### Further Progress in the Trade with Capitalist Industrialized Countries

Proceeding from the principles of peaceful coexistence of states adhering to different social systems and from the necessity to consolidate international detente, the USSR tries to establish stable, mutually beneficial trade, economic and scientific-technical relations with those capitalist industrialized countries that are interested in cooperation with the Soviet Union.

In 1981, the foreign trade with the capitalist industrialized countries was conducted under more difficult conditions in regard to foreign and foreign trade policy. Aside from the enforcement of its trade embargo vis-a-vis the USSR, the United States tried to subject to its influence the development of normal economic relations between the West European and other capitalist states and the socialist states, above all the USSR. One of the results of this was that the total volume of the trade with Great Britain declined by 17 percent as compared to 1980.

Table. Development of the Commodity Turnover with Various Developing Countries

Entwicklung des Warenumsatzes mit ausgewählten Entwicklungsländern <sup>(2)</sup>				
	1970	1980	1981	1981 zu 1980
	in Mill. Rubl <sup>(1)</sup>		in %	
Indien (3)	363	1740	2398	133
Argentinien (4)	30	1192	2103	202
Irak (5)	63	732	909	124
Iran (6)	231	333	878	262
Libyen (7)	13	451	531	122
Brasilien (8)	23	275	530	200
Syrien (9)	53	321	530	165
Ägypten (10)	606	384	511	133

#### Key:

- |                          |           |
|--------------------------|-----------|
| 1. In million rubles     | 6. Iran   |
| 2. 1981 compared to 1980 | 7. Libya  |
| 3. India                 | 8. Brazil |
| 4. Argentina             | 9. Syria  |
| 5. Iraq                  | 10. Egypt |

The states of West Europe occupy the leading position in the trade between the USSR and the capitalist industrialized countries. Last year, they accounted for 80 percent of the foreign trade turnover with the capitalist industrialized countries, i.e. 25 percent of the USSR's total foreign trade turnover. In 1981, the commodity exchange with these countries totaled R 28.3 billion, while the exchange with the capitalist countries as a whole totaled R 35.3 billion.

Especially dynamic turnover gains were registered in 1981 in the trade with Spain (+61.2 percent), Portugal (+42.9 percent), Canada (+42.4 percent), Austria (+39.4 percent), Denmark (+34.8 percent), Greece (+27.2 percent) and Iceland (+25.4 percent).

## USSR-EAST EUROPE BILATERAL TRADE

### HUNGARIAN ECONOMY'S DISTINCTIVE FEATURES REVIEWED

Moscow VESTNIK MOSKOVSKOGO UNIVERSITETA: EKONOMIKA in Russian No 2, Mar-Apr 82 (manuscript received 12 Apr 81) pp 58-63

[Article by V. P. Klavdiyenko: "The Current Stage in Improvement of the Economic Mechanism in Hungary"]

[Text] Further improvement of the economic mechanism in the countries of the socialist commonwealth is regarded as an important prerequisite for development of the Leninist principle of democratic centralism in administration of the economy and as an indispensable condition for fuller utilization of the production potential and for transition of the national economies of those countries to a predominantly intensive development strategy. In the years of socialist construction the fraternal countries have acquired a great deal of experience in the organization of production, in management, and in solving national economic problems. In the report address of the CPSU Central Committee of the 26th party congress Comrade L. I. Brezhnev, general secretary of the CPSU Central Committee, remarked that "the experience of the fraternal countries should be studied more attentively and applied more widely."<sup>1</sup>

Considerable experience has been acquired in improvement of the economic mechanism in Hungary. An examination of that experience is of interest because in recent years great changes have taken place in management of the economy in Hungary and decisions have been taken which are not encountered in the economic practice of the CEMA member countries.

In the mid-seventies the adverse trends which had developed in the world economy were reflected in Hungary's economy (and that of certain other European socialist countries). The sharp rise of prices for energy and the principal raw materials and supplies brought about a deterioration of proportions in Hungary's foreign trade (the price rise for fuels, raw materials and supplies imported by Hungary was twice as high as the rate of increase for the prices of the country's exports). Changes of the external conditions for reproduction, given the Hungarian economy's close ties with the world market, including the capitalist market,<sup>2</sup> inflicted large damage on it and disrupted the functioning of the previously well-adjusted economic mechanism. Beginning in 1974 the annual loss from changes in the terms of trade amounted to about 7 percent of the national income for Hungary. According to estimates of Hungarian economists, Hungary's losses from the worsening of proportions in foreign trade amounted to 220 billion forints over the 1974-1978 period.<sup>3</sup>

In order to offset the sharp impact of rising import prices on proportions in the national economy, government subsidies to importing enterprises were expanded in the mid-seventies.<sup>4</sup> But the government budget could not compensate for long the additional expenditures related to the change of the price proportions of the world market. On the one hand this led to a growth of the government budget deficit,<sup>5</sup> while on the other it distorted the indicators for evaluation of enterprise performance. It was noted in the Hungarian press that domestic wholesale prices were diverging more and more from actual production costs, that the growth of profit and economic incentive funds had become disassociated from the real improvement of enterprise performance, and that government management of the economy had become less effective.<sup>6</sup>

During the seventies changes also occurred in the domestic conditions of the process of reproduction in Hungary. The "limiting factors" on extensive economic development became stronger: there was an absolute reduction of employment in the branches of physical production, the area of farmland decreased, and the mining of minerals became more complicated.

The change in the domestic and external conditions for reproduction made it necessary to carry out a set of measures to reorganize the economic mechanism. In his speech at the 12th MSZMP [Hungarian Socialist Workers Party] Congress, Comrade J. Kadar, first secretary of the MSZMP Central Committee, said: "Hungary's economic development demands that we do a better job of adapting our system of administration to changing conditions."<sup>7</sup> The task of adapting the economic mechanism to altered conditions of reproduction has been performed in all the European member countries of CEMA, but the approach to it has differed from country to country. By contrast with Bulgaria, Poland and Romania, for example, where at the beginning of the eighties there was a noticeable limitation of the sphere of influence of cost-accounting levers to the advantage of centralized instruments of management, in Hungary they proposed to guarantee the balance of the economy and to increase its efficiency by improving economic levers and incentives. In September 1979 the Hungarian Council of Ministers adopted a decree on further improvement of the economic mechanism. The practical implementation of this decree began as of 1 January 1980.

No essential changes are envisaged in planning. As in the past the management of the economy is based on a system of national economic plans (5-year and annual). Ministries break down the reference figures derived from the planning targets by enterprises, but the latter regard them as guideposts rather than mandatory directives.<sup>8</sup> As a rule the reference figures cover the principal list of products, employment, the wage fund, etc. Enterprises use the reference figures as the basis for drafting their individual economic plans (5-year and annual), which are subject to clearance, but not approval, in the ministries.

During improvement of management of the economy in Hungary during the early eighties particular attention was paid to the pricing system. It should be noted that the economic reforms in the foreign CEMA member countries have been conducive to acquiring a great deal of experience in improving planning indicators, in distribution of profit, in formation of economic incentive funds, etc. At the same time the pricing problems have stood apart from the set of

measures to improve management of the economy. For a long time in the economic practice of the CEMA member countries prices remained one of the most inert instruments even though they are related to practically all the other elements of the economic mechanism and in large part determine the success of their functioning. In this connection changes in the pricing system in Hungary deserve particular attention.

Price policy in Hungary in the eighties is aimed at improving the structure of consumption and production, at optimum use of energy and raw materials, at stimulation of exports and improvement of the competitiveness of Hungarian goods on the world market.<sup>9</sup> These problems are solved by bringing domestic prices still closer to the socially necessary expenditures of labor, to the altered proportions of world market prices.

At the present time we can distinguish in the structure of prices in Hungary five types of prices, which differ in their constituent elements.

Settlement in export-import transactions is made in foreign trade prices, which are determined by converting the contract prices to rubles or U.S. dollars and by a subsequent conversion to forints at the relative rates of exchange of the forint for trade settlement.

Wholesale prices of fuel, energy and principal raw materials were adjusted as of 1 January 1980 to import prices at which these goods are acquired on the world capitalist market.<sup>10</sup> The prices of these products are also reviewed in case of sizable changes in the world price level. The stability of prices of fuel, energy and principal raw materials is guaranteed by the government. If domestic prices for these products exceed the level of import prices because of a contemporary drop in world prices, then enterprises must deduct the difference and pay it to the government budget. When world prices rise, the state budget will reimburse enterprises the difference between domestic and world prices of fuel, energy and raw materials.

Wholesale prices of products of the manufacturing industry (machinebuilding, the chemical industry, light industry, etc.) were established beginning in 1980 at the level of export prices on the world market.<sup>11</sup> If wholesale prices of Hungarian manufacturers exceed the level of export prices, but the government is interested in expanding exports of their products, then subsidies from the government budget are extended to those enterprises. But it is assumed that the government will extend that kind of support only up until 1985, when the level of these subsidies will begin to decrease every year. If a Hungarian exporting enterprise achieves a reduction of production costs, then it continues to export its products at the previous prices. In this case the additional profit is entirely credited to the income of the enterprise, which enhances its interest in raising production efficiency.

Wholesale prices of farm products, products of the food and gustatory industry, building materials and products for which a comparison with world prices is difficult are set on the basis of production costs and a standard rate of profit.



Retail prices for food are gradually being adjusted to world prices. The process of this convergence began in 1979, when the level of retail prices of foodstuffs were raised an average of 9 percent.<sup>12</sup> In 1980 and 1981 there was a further convergence of domestic prices for foodstuffs toward the level of world prices. The rise of retail prices was offset to a considerable degree in the form of money supplements received by individuals. This kind of compensation has been received by almost the entire population of the country--10.2 million persons.<sup>13</sup> People in the liberal professions, private manufacturers, and so on, were an exception.

The relation between wholesale and retail prices is improving as the price structure in Hungary is revised. It is a specific feature of the price system in Hungary that wholesale prices are higher than the level of retail prices,<sup>14</sup> which is an obstacle to optimum revamping of the structure of production and consumption and is causing a rise of government expenditures.<sup>15</sup> Improvement of the relationship between wholesale and retail prices is being achieved not only by raising the level of retail prices, but also thanks to measures aimed at lowering wholesale prices. For example, the level of wholesale prices of products of the manufacturing industry is to be reduced by abolishing in 1980 the charge on capital, by lowering the rate of the charge on enterprises for use of labor resources from 35 to 17 percent and by lowering the profit rate in the price from 15 to 6 percent.<sup>16</sup>

The reform of wholesale and retail prices in Hungary have helped to increase the profitability of many enterprises and to reduce subsidies from the government budget. Hungarian economists note that bringing domestic prices closer to the socially necessary expenditures of labor, with present-day conditions of reproduction as the point of departure and taking into account changes on the world market, is strengthening the influence of prices toward mobilization of internal potential for increasing the efficiency of social production and is transforming them into a more precise instrument of cost accounting (khozraschet).<sup>17</sup>

Changes in the system for financing capital investments are also of considerable interest. All capital investments in Hungary are classified as either government investments or capital investments of enterprises. The former include capital investments in the most important projects to the national economy (they are designated by name in the national economic plan), as well as earmarked capital investments (housing construction, development of motor transport, and so on) or expenditures for development of the nonproduction sphere.<sup>18</sup> State capital investments are financed with resources from the government budget and bank credits, and they are repaid from depreciation and profit after construction of projects is completed. Enterprises finance their capital investments from their own capital and bank credit; even when the investor uses credit, he must cover at least 30 percent of the total capital expenditure with his own capital. In order to reduce construction in process Hungarian banks are gradually curtailing the granting of credit for new construction.

In recent years changes have also occurred in regulation of wages at Hungarian enterprises. Whereas in the early seventies the government mainly regulated

the level of the average wage by means of long-term wage standards,<sup>19</sup> at the present time differentiated methods are used from sector to sector of the economy. For example, in the fuel and power industry, in the service sector, in communications enterprises, and in municipal transportation the average wage is regulated on a centralized basis. Enterprises are assigned a mandatory limit on the rise in the level of wages (up to 4 percent per year), and if they exceed that limit, then profit is subject to taxation according to a progressive scale.<sup>20</sup> At the same time enterprises are afforded the possibility of raising the average wage of workers beyond the limit assigned if they reduce the size of the work force.

In enterprises of the metallurgical industry and agriculture the government regulates the total wage fund. Enterprises in these sectors are assigned a mandatory limit on the growth of the wage fund, which is not to exceed 4 percent on the average.<sup>21</sup> In the branches of the manufacturing industry the wage fund is regulated by standard allowances.<sup>22</sup> Its growth is made directly dependent on the growth of net output. A 1-percent growth of net output allows enterprises to raise the wage fund an average of 0.3 percent. The spread of this method of forming the wage fund, experience has shown, has tended to reduce surplus manpower at Hungarian industrial enterprises.<sup>23</sup> At enterprises which are working predominantly for export, the average wage is regulated on a normative basis. The average wage of workers at those enterprises may rise 0.3 percent for every percentage point of growth of net output (without restrictions or taxation). This procedure for regulating wages, in the opinion of Hungarian economists, creates incentives for expansion of production for export.

In the course of improvement of the economic mechanism in Hungary profit has been given a larger role in the pressure the government exerts on the functioning of production entities and in increasing the efficiency of enterprise operation. This is indicated by the course toward gradual elimination of the privileges of certain enterprises in settling accounts with the government budget, by the restriction of subsidies from the government budget (in future they will be almost entirely eliminated), and by introduction of uniform economic standards which apply to all enterprises. In order to strengthen the role of the socialist state in management of the economy and in guaranteeing proportions in the national economy and realization of the general interest, in 1979 the rate of deductions from enterprise profit to be paid into the government budget was raised from 26 to 40 percent.<sup>24</sup>

At the present time enterprise profit is distributed as follow: 10 percent of the profit realized is credited to the local budget (previously 6 percent), 40 percent is credited to the government budget (previously 36 percent). The remainder of profit is distributed to the funds of the enterprise: the reserve fund (15 percent of distributed profit); the bonus fund of the management (introduced in 1980); the worker bonus fund; the development fund (which is functionally dependent upon the worker bonus fund and 60 percent of depreciation). One feature in the new method of profit distribution that is interesting is the formation of the worker bonus fund and the development fund. The former serves as an additional source of money for increasing the income of enterprise workers, but its use for increasing wages depends on payment of a high

progressive tax into the government budget out of profit.<sup>25</sup> In addition, a growth of the budget fund also requires higher transfers to the development fund (direct functional relationship). Since the enterprise is motivated to increase both the worker bonus fund and the development fund, it has no other alternative than to choose the optimum variant of distribution to these funds. In the opinion of Hungarian economists, an effective incentive for the growth of profit and for raising the economic efficiency of enterprise operation has been laid down in the resolution of the contradiction between the enterprise's desire to augment the bonus fund and at the same time to expand the development fund.

There is also interest in the specific policy of the government concerning unprofitable enterprises. When enterprises operate at a loss in Hungary, this is used as a manifestation of poor management. It is assumed that changes in the economic mechanism will create incentives for higher enterprise profitability. In case of losses brought about by objective conditions, the government budget will cover the losses of enterprises, but at decreasing rates and only up until 1985. At the present time the Hungarian State Planning Commission and Ministry of Finance are drafting a project for reorganization of enterprises operating at a loss.

Thus changes in the economic mechanism of Hungary are strengthening the role of the government in management of the economy, are erecting rigid barriers against mismanagement, and are mobilizing enterprises to make a more thorough search for internal production potential and for raising efficiency and quality of operation in every way. The building and reinforcement of the foundations of socialism and construction of a socialist society, as noted at the 26th CPSU Congress, have had and do have their peculiar features from country to country. That is why it would be a mistake to mechanically repeat the Hungarian experience in other socialist countries. But its study furnishes rich material for further development of the theory of the economic mechanism and for drafting practical measures to improve management of the economy in the countries of the socialist commonwealth so as to take into account the specific features of their development.

#### FOOTNOTES

1. "Materialy XXVI s"yezda KPSS" [Proceedings of the 26th CPSU Congress], Moscow, 1981, p 7.
2. In 1979 the capitalist countries accounted for 42.4 percent of Hungary's total exports and 46.2 percent of its total imports ("Statisticheskii yezhegodnik stran-chlenov SEV" [Statistical Yearbook of the CEMA Member Countries], Moscow, 1980, p 335).
3. NEPSZABADSAG, 26 July 1979.
4. For example, in 1974 subsidies from the government budget covered 70 percent of the rise of world prices (NEPSZABADSAG, 26 July 1979).

5. For instance, by 1980 the deficit of the Hungarian government budget had increased 1.7 billion forints over 1973 ("Statisticheskij yezhegodnik stran-chlenov SEV," p 60).
6. KOZGAZDASAGI SZEMLE, No 2, 1980, p 836.
7. PRAVDA, 25 March 1980.
8. In exceptional cases the ministry can assign an enterprise a mandatory target. This applies above all to capital investments which are of the greatest importance to the national economy as well as to exports when the plan drafted by the enterprise does not guarantee fulfillment of international contracts and agreements.
9. Csikos-Nagy, B., "Az arpolitika szerepe gazdasagpolitikai coljaink vegrehajtasaban," KOZGAZDASAGI SZEMLE, No 7-8, 1980, pp 831-833.
10. For example, import prices are used as the basis for setting wholesale prices of petroleum, iron ore, products of copper, nickel, zinc, lead, and tin, initial raw materials for the pharmaceutical, rubber, woodworking, leather and textile industries (MAGYAR KOZLONY, No 77, 1979).
11. Export prices are used as the basis for setting wholesale prices of machines and equipment, transportation equipment, electrical devices and appliances, many articles of the chemical, pharmaceutical, cotton, flax, woolen, garment, footwear and other industries (MAGYAR KOZLONY, No 77, 1979).
12. NEPSZABADSAG, 26 July 1979.
13. PARTELET, No 8, 1979.
14. In the mid-seventies the level of wholesale prices exceeded the level of retail prices by 4-6 percent, by 1981 this difference amounted to about 1 percent (Csikos-Nagy, B., "A hatodik oteves tery arpolitikaja," FIGYELO, No 52, 1980, p 3).
15. For example, in the seventies subsidies from the government budget for consumer prices increased nearly threefold and amounted to 44 billion forints (NEPSZABADSAG, 26 July 1979).
16. FIGYELO, 20 June 1979, p 4.
17. Szepessy-Mozes, B., "Arrendszerunk az arfolympolitika tukreiben," FIGYELO, No 44, 1980, p 3; Csikos-Nagy, B., "Az elemiszer-gazdasag az arpolitika tukreiben," GAZDALKODAS, No 11-12, 1980, pp 11-13.
18. Outlays for construction of the Paks Nuclear Power Station, the North-South subway line, and expansion and reconstruction of the Szolnok Paper Combine, for example, are classified among state capital investments.

19. For example, the average wage was regulated on the basis of a standard at enterprises accounting for 89 percent of employment in the national economy (PENZUGYI SZEMLE, No 2, 1979, p 100).
20. "Gazdasagi szabalyozok 1980," Budapest, 1980, pp 78-79.
21. GOSPODARKA PLANOWA, No 12, 1979, p 684.
22. In 1979 normative regulation of the wage fund encompassed 70-75 percent of all industrial enterprises (NEPSZABADSAG, 17 August 1979).
23. VOPROSY EKONOMIKI, No 4, 1981, p 125.
24. GOSPODARKA PLANOWA, No 12, 1979, p 683.
25. For example, use of resources from the bonus fund in a proportion of 2-4 percent of the wage fund is subject to a tax of 200 percent of the amount deducted from enterprise profit and credited to the state budget ("Material'noye stimulirovaniye v sotsialisticheskoy ekonomike" [Material Incentives in the Socialist Economy], Moscow, 1978, p 165).

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## TRADE WITH INDUSTRIALIZED COUNTRIES

### DEUTSCHE BANK BOARD CHAIRMAN INTERVIEWED ON CREDITS FOR GAS PIPELINE, DETENTE

Moscow EKONOMICHESKAYA GAZETA in Russian No 32, Aug 82 p 22

[Interview with Friedrich-Wilhelm Christians by Novosti Press Agency Correspondent V. N. Markov: "Deutsche Bank: Cooperation for the Sake of Mutual Understanding"]

[Text] Despite Washington's attempts to undermine the basis of normal trade, economic, scientific, and technical relations among states, the West's business circles actively support a further expansion of mutually advantageous cooperation with the Soviet Union and other socialist countries. This has been confirmed anew by the credit agreement signed in July 1982 in Leningrad with respect to the financing, by a consortium of West German banks headed by Deutsche Bank, of deliveries of pipe and equipment from the FRG for the construction of the Urengoy-Uzhgorod gas pipeline. In connection with the signing of the agreement, the board chairman of Deutsche Bank, Friedrich-Wilhelm Christians, was interviewed by the Novosti correspondent V. N. Markov for EKONOMICHESKAYA GAZETA.

[Question] Mr. Christians, both parties accomplished a great deal of work to sign the credit agreement. Are you satisfied with its results?

[Answer] Of course, I feel gratified and proud at our success in signing a major credit agreement despite interferences of a political nature that complicated our work. Considerable additional complications have arisen owing to the unprecedented growth of interest rates in international financial practice. It is quite natural that we--the banks and suppliers--will fulfill our contractual obligations. This has been repeatedly declared by the federal government with respect to, among other things, the project for the construction of the West Siberia-West Europe gas pipeline. The banks cannot place under doubt their reputation as reliable and trustworthy partners, as otherwise the basis of their existence would be undermined. It is important to demonstrate circumspection and consistency in their activities instead of following momentary moods.

[Question] In your opinion, what are the most important changes that have occurred in recent years in inter-bank and trade and economic relations between our countries?

[Answer] The current agreement is the fifth. Exactly 10 years ago, in July 1972, we had signed the second credit agreement. Since then the volume of both credits and shipments of equipment and gas has increased. Although both parties cannot as yet be satisfied with the volume of mutual trade, the quality of their trade and economic relations at present is important. Now we have frank talks and resolve complex problems on the basis of mutual responsibility and with allowance for the interests of both parties.

During a session of a team of experts on banking and credit problems in Leningrad we listened with great interest to a report on the development of the USSR economy during the 11th Five-Year Plan period and the principal development problems of Siberia. I myself succeeded in visiting that land. Scientific and technological advances are expanding the possibilities for the colonization of Siberia despite the rigorous natural conditions of that land. What had been hardly a dream 10 years ago is now becoming reality. Siberia not only is a treasure trove providing your country with all that is needed to further develop its economy but also affords a broad field of activity for mutual cooperation of our countries in the long run. The Soviet Union remains to us an interesting, important, and reliable partner.

[Question] Some people attempt to create the impression that, supposedly, providing the Soviet Union with credit yields to it unilateral advantages. What is your opinion?

[Answer] The task of banks consists precisely in financing the exports of the industrial products of their country by utilizing the existing credit and financial mechanisms. By the same token, banks contribute to the development of a nation's productive capacities. In this particular case, the premises are being created for shipments of substantial quantities of equipment from the FRG in exchange for natural gas. Moreover, the implementation of large-scale projects often proceeds with the participation of a large number of medium and small enterprises which not infrequently are incapable of financing their own exports. Incidentally, during the session of the team of experts on banking and financial problems, both parties supported the idea that the expansion of banking services, inclusive of financing on favorable terms, should contribute to broadening the exporting possibilities of small and medium FRG companies. We are convinced that successful cooperation and overcoming of obstacles on this path shall continue in the future as well.

[Question] How do you visualize the role of the business circles of the FRG in maintaining and developing the detente on the European continent?

[Answer] We attach great importance to developing normal conditions for trade with the USSR.

The expansion of cooperation in trade and technology between the Federal Republic and the neighboring socialist countries is an absolutely natural process. Here we are not creating anything artificial. In this connection, some impermissible mutual dependence cannot come into question here.

On the occasion of the 10th anniversary of the establishment of an office of Deutsche Bank in Moscow, exhibitions of pictorial art will be organized with its aid in the Soviet capital, Leningrad, Novosibirsk, and in our country as well. This will serve to improve mutual understanding and enable the population of both countries to witness the considerable fruits of the cooperation.

By virtue of our geographic position and historical experience, we should broadly, consistently, and circumspectly contribute to the improvement of mutual understanding and balancing of interests, even if this leads to disputes in the West.

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## TRADE WITH INDUSTRIALIZED COUNTRIES

### BRIEFS

FRENCH PARTICIPATION POSSIBILITY--There is a possibility that the French firm Bem Mueller will participate as a supplier in the modernization of the Moskvich automobile plants. The firm is conducting negotiations with Soviet agencies on the shipment of complete control and regulation equipment, brake systems, headlights, facilities for wheel balancing as well as for test stands. As a supplier of Renault, the firm had already been involved at an earlier date in the expansion of the Moskvich plants. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 10 Jun 82 p 7] 8991

FINNISH TERMINAL IN SHEREMETEVO-2--The Finnish construction firm YIT is negotiating in Moscow on the construction of a ready-for-use terminal at the Sheremetevo-2 airport. The main object of the terminal, which occupies a total area of 2.5 hectares, is to be an automated multiple-story warehouse. The building is to be constructed with the help of 2,000 Finnish workers. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 10 Jun 82 p 7] 8991

TRANSSHIPMENT BOATS FROM AUSTRIA--In the Austrian shipyard of Korneuburg two boats for transshipping ore were launched this year destined for the Soviet Union. Together they represent an order of approximately 200 million schillings. The new specialized ships are intended for the transshipment of ore, coal, grain and phosphate fertilizer from seagoing vessels to riverboats and are to be used at the mouth of the Danube. Their capacity amounts to 1,000 tons per hour. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 10 Jun 82 p 7] 8991

SOVIET-SWEDISH SHELF DRILLING--The first concrete Soviet-Swedish negotiations are expected this fall on the exploration of possible petroleum and natural gas deposits in the shelf area. With the cooperation of the Soviet State Committee a symposium on this topic took place in Moscow and more than 20 Swedish companies participated. Both sides indicated that future cooperation in this area would be desirable and promising. The negotiations next fall will deal with the aspect of placing possible cooperation on a more concrete basis. Under discussion are Swedish shipments of machinery and equipment, including drilling platforms that can be used at extremely low temperatures. The required production capacities are available in Sweden. Payment could be made, for instance, through additional shipments of Soviet petroleum to Sweden. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 10 Jun 82 p 7-8] 8991

JAPANESE PIPE STRIPS--A Japanese group of companies agreed with Moscow's Promsyrimport center to ship 550,000 tons of pipe strips this year to the Soviet Union. A contract on the agreement is to be signed in the near future. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 10 Jun 82 p 8] 8991

OUTOKUMPU OFFICE IN MOSCOW--The state-operated Finnish mining and nonferrous metal concern Outokumpu Oy recently established its own office in Moscow, which is to arrange the exchange of goods with the Soviet Union as well as the export of know-how and engineering. To date the most important export items have been refined steel as well as semifinished zinc and copper, whereas, among other things, blast-furnace coke was purchased. The subsidiary of the Jaro Oy concern recently received a Soviet order for the shipment of special rail-road cars valued at 70 million markka. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 10 Jun 82 p 9] 8991

WEST GERMAN ANNEALING EQUIPMENT--According to an agreement with Mashinoimport, Mannesmann will ship to the Soviet Union in 1983 and 1984 complete facilities for the annealing of oil coke. The total value comes to approximately 50 million rubles. Each facility includes crushers, conveyors, furnaces, storage rooms and a control desk. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 10 Jun 82 p 9] 8991

FRENCH CAPITAL GOODS SHIPMENTS--Last year French firms concluded 30 agreements on the shipment of machinery and capital goods to the Soviet Union. The total value comes to 7.2 billion francs. Of this amount, 4.8 billion francs apply to shipments in connection with the construction of the natural-gas pipeline from Siberia to West Europe. Other shipments contain, among other things, special mechanical mining vehicles, equipment for a manufacturing plant of automobile radiators as well as production machinery for cigarettes. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 18 Jun p 14] 8991

SOVIET PICTURE TUBES--In 1982 the Soviet Union is shipping for the first time television picture tubes to the FRG. The importer is the West German Grad Stachwitz GmbH, which will buy from Tekhnointorg a total of 2,500 picture tubes. The firm is also negotiating a possible import of Soviet portable black-and-white television sets of the "Yunost" type. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 18 Jun 82 p 14] 8991

HYDRAULIC DREDGES FROM JAPAN--This year the Japanese firm Nichimen Co. Ltd. will ship to the Soviet Union hydraulic dredges moving on metal belts with 0.75-cubic-meter containers. They were ordered by Mashinoimport and represent a total value of \$70 million. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 18 Jun 82 p 15] 8991

SLUDGE PUMPS FROM FINLAND--Efficient sludge pumps valued at 2 million rubles will be bought this year by Mashinoimport from the Finnish firm Serlachius Oy. The pumping capacity of the acquired aggregates amounts to 1,000 cubic meters per hectare and 40-meter liquid columns. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 18 Jun 82 p 15] 8991

POLYGRAPHIC MACHINERY--A complete system for the color distribution and electronic assembly of the "Magnasken 550/570" model, valued at 700,000 rubles, was acquired by Teknopromimport from the British firm Crossfield Electronics. Delivery is to be made this year. The system is to be used for the polygraphic multicolor production of post and picture postcards as well as for the production of illustrated magazines. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 18 Jun 82 p 15] 8991

SYNTHETIC FLAKING AGENTS--The British trading firm BSC is negotiating with Soyazkhimeksport about the shipment of a large supply of synthetic flaking agents for the Soviet nonferrous metals industry. Additional negotiations concern the shipment of a new paint for seagoing vessels which is to protect the surface from rust and mechanical damage. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 18 Jun 82 p 15] 8991

METALWORKING FACILITIES--In 1982 Stankoimport will deliver to France metalworking facilities of 150 types and dimensions. They are valued at 1 million rubles and are intended for transportation, agricultural and general machine construction. The customer is Stankofrance. Metalworking facilities destined for Finland total 900,000 rubles; they include for the first time facilities for diesel locomotives, nuclear power plants, elevators and mining installations. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 18 Jun 82 p 15] 8991

ITALIAN EQUIPMENT--The Italian enterprise Coe e Clerici S.P.A. will supply the major equipment for the first electrometallurgical miniplant built in the Soviet Union. An agreement to this effect was made with the Moscow Metallurgimport center and amounts to approximately \$100 million. The producer of the equipment is the Italian firm Danieli which has extensive experience with small metallurgical plants. Danieli is also involved in the Voest-Alpine order for the construction of a White Russian foundry in Shlobino and will supply, among other things, two string casting facilities and some of the equipment for repair and storage facilities. The Italian shipment for the Soviet miniplant will be made on credit. Coe e Cierici acquired a license for the Danieli firm to establish a foundry for horizontal steel-casting. It also bought a license for the production of gas-insulating substances. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 18 Jun 82 p 16] 8991

CHEMICAL EXPORTS TO SWEDEN--Between 1978 and 1981 the value of exports of Soviet chemicals to Sweden more than tripled. The main categories are ammonia, methanol, phenol, high-pressure polyethylene, resin oil, acetic acid, technical carbon, acetone and calcinated soda. This year the Moscow Sojuzchimexport center concluded for the first time agreements on the shipment of high-pressure polyethylene with the Swedish A. Johnson concern and the Selloplast firm; it also made agreements on methanol with the Swedish firm Kasko. Another long-term agreement on shipments of resin oil was signed with the firm Bergvik Kemi. An exhibit of Soviet chemical products will take place during the second half-year of 1982 in Goeteborg. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 18 Jun 82 p 17] 8991

SOVIET-SPANISH NEGOTIATIONS--Recently negotiations took place in Moscow on an expansion of Soviet-Spanish cooperation in the coal industry. The Spanish side announced its willingness to apply Soviet methods during the process of mining mechanization by using Soviet licenses. Specifically, the idea is to use Soviet experiences and technologies to achieve total mechanization of sub-surface coal mining, a Soviet system of hydraulic coal mining as well as Soviet shield aggregates for the mining of steeply arranged layers. To date no results are available on the negotiations, the goal of which is to acquire Soviet equipment and licenses. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 18 Jun 82 p 17] 8991

SWEDISH EQUIPMENT--The Swedish Samefa company will ship to the Soviet Union its new system, the Caroliner MK III, for straightening deformed automobile sheet metal parts. An appropriate agreement was concluded with Avtoproimport. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 10 Jun 82 p 9] 8991

SOVIET NATURAL GAS SHIPMENTS--Between 1988 and 2008 the Soviet Union will ship 360 million cubic meters of natural gas to Switzerland. A long-term agreement--covering 20 years--was signed in Bern. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 10 Jun 82 p 9] 8991

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